

To: Local Child Support Agencies
Subject: Earned Income Tax Credit (EITC)
Date: February 1, 2008

On September 28, 2007, the Office of Child Support Enforcement (OCSE) released an Information Memorandum (IM-07-10) stating the OCSE is working in collaboration with the Internal Revenue Service (IRS) to encourage State and local child support offices to provide information to low and moderate income working individuals and families regarding the Earned Income Tax Credit (EITC) program.

The EITC is an income tax credit for low and moderate income working individuals and families. When the EITC exceeds the amount of taxes owed, individuals who claim and qualify for the credit are then eligible for a tax refund. The IRS estimates that 20-25 percent of Americans who qualify for the credit do not claim it as they are not aware that they qualify or do not know the credit exists.

To meet the eligibility criteria for Federal EITC, individuals and families must meet certain requirements of the IRS and file a Federal tax return. For Tax Year 2006, EITC was available to individuals and families whose earned income and adjusted gross income did not exceed \$32,001 (\$34,001 married filing jointly) with one qualifying child; and \$36,348 (\$38,348 married filing jointly) with two or more qualifying children. The maximum credit then for one qualifying child was \$2,747 and \$4,536 for families with two or more qualifying children.

In 2005, more than 21.7 million working individuals and families received \$39.8 billion in EITC refunds.

Links

OCSE encourages agencies to learn more about EITC and to inform eligible individuals and families about its availability. Visit the IRS website at:

<http://www.irs-eitc.info>

Information concerning EITC thresholds is available at:

<http://www.irs.gov/individuals/article/0..id=150513.00html>

In addition, additional information may be obtained from the following OCSE link:

<http://www.acf.hhs.gov/programs/cse/pol/IM/2007/im-07-10.htm>